



CLIMATE WATCH

THE BULLETIN OF THE GLOBAL CLIMATE COALITION

Volume 1 Issue 9

September 1993

GEF FACES NEW FUTURE

With its three-year, \$1.3 billion pilot phase ending this year, the Global Environment Facility (GEF) is preparing to restructure. The reorganization is regarded as a key opportunity for the United States and possibly non-governmental organizations (NGOs) to further their participation in international environmental policy programs, including technology transfers.

Part of this reform calls for implementation of the April 1992 agreement outlined in *The GEF: Beyond the Pilot Phase*, which includes using the GEF as a funding mechanism for the new global environmental conventions and as a decision-making system based on equitable representation of interests, and universal membership. The agreement also calls for the GEF to address desertification and deforestation.

For many, however, reforming the GEF means more than expanding its membership and responsibilities. Administered by the United Nations Environment (UNEP) and Development Programs (UNDP), as well as the World Bank, the GEF was designed to address global environmental issues, such as emissions of greenhouse gases and ozone-depleting substances, biodiversity, and pollution of international waters — rather than to tackle regional or local problems.

Government and environmental NGO witnesses testified before a House Banking Subcommittee on August 3 on specific concerns about the restructuring process and its implications for funding future projects. Expressing the frustration felt by many environmental groups that want access to GEF funding, Craig MacFarland, a consultant for Tropical Natural Resources Management, told the House subcommittee that under

continued on page 3

POST REPORTER FINDS THREAT UNCERTAIN

Two recent *Washington Post* articles by Royce Rensberger stand out as examples of the media's growing appreciation for the complexity of climate change science.

Published June 1, "Greenhouse Effect Seems Benign So Far" reports on a recent issue of *National Geographic's Research & Exploration* that was dedicated to climate change.

The one degree Fahrenheit of warming this century has occurred mostly in the winter and spring. As Rensberger reports, "In summer, when stress is hardest on living things and when ice caps melt, temperatures are no warmer than they were in the 1860s and 1870s."

Also, the warming "effect has been to boost nighttime lows rather than daytime highs." This is due primarily to increasing cloud cover, which makes the days cooler by blocking sunlight and nights

warmer by absorbing the ground's heat and radiating it back to Earth.

However, scientists are at odds over the causes and potential effects of cloud cover. Rensberger's report focuses on the debate between Dr. Patrick J. Michaels of the University of Virginia and Dr. James Hansen, the scientist from the Goddard Institute for Space Studies whose global warming predictions alarmed the world in the late 1980s.

Attributing increased cloud cover to a naturally warming climate that puts more water vapor in the air by increasing the rate of evaporation, Michaels predicts that current trends, such as warmer nights and winters, will continue and perhaps even lengthen the growing season in agricultural regions. "The popular vision of climate apocalypse is wrong," Michaels concludes.

continued on page 3

EPA NEWSLETTER HIGHLIGHTS BUSINESS OPPORTUNITIES

In response to growth projections for the environmental technology market, the Environmental Protection Agency (EPA) is taking steps to improve communication and cooperation with industry to develop and market new technologies. As part of this effort, the EPA has started a newsletter, *The Clean Air Marketplace*, which will periodically describe business opportunities created by the Clean Air Act Amendments (CAAA).

In the first issue, EPA Administrator Carol Browner says that the "EPA is committed to minimizing the cost of all the regulations we develop." By minimizing costs, Browner hopes to maximize pro-

jected economic growth from the CAAA.

The first issue also lists some EPA programs to promote innovation and exports:

Environmental Training Institute (USETI)

A joint venture between the private sector and the U.S. government, the USETI seeks to build the capacity for environmental protection and the market for U.S. technologies in developing countries. The USETI provides training courses in pollution control and waste management and puts U.S. firms in direct contact with foreign government and private officials.

Green Lights

Green Lights provides technical assistance to companies that have agreed to install energy-efficient lighting throughout their facilities.

continued on page 4

Executive Director's Column

INTERNATIONAL ACTIVITY STEPS UP

By John Shlaes

International activity following up on last year's Earth Summit is picking up. The most recent example is last month's meeting of the United Nations Intergovernmental Negotiating Committee (INC), the UN body responsible for implementing the Climate Convention signed at the Rio Summit. While no major decisions or new country initiatives were announced, an extensive and wide-ranging institutional structure to administer the Climate Convention is clearly beginning to take shape.

The participants at the Geneva meeting, with increased involvement and substantive support from a newly augmented treaty Secretariat (INC staff), spent two weeks covering a broad agenda (see sidebar). These efforts are to lay the groundwork for the first meeting of the Conference of the Parties — the signatory nations that will govern the treaty — which is scheduled for Berlin in March of 1995.

One important debate centered on joint implementation, a largely undefined concept that would "credit" one party for reducing greenhouse gas emissions via actions taken in another country (e.g., a U.S. utility "reduces" its emissions by supporting reforestation in a developing nation). Joint implementation, which is supported by GCC under particular conditions, could be a tremendous benefit to the United States and other developed countries and to the developing world. It establishes a way to develop cost-effective mutual programs that exchange know-how, as well as cleaner, more efficient systems and technologies. This is especially important in light of UN predictions that the growing economies of developing countries will quickly become the major source of man-made greenhouse gases.

The United States government supports joint implementation, stressing that it should be voluntary, verifiable, carefully monitored and diversified with a "range of projects" impacting greenhouse gas sources and sinks. According to U.S. negotiators, joint implementation should also provide "additionality," defined as achieving emissions reductions "above a certain baseline."

Other countries held a wide range of views. Australia, Canada and Japan generally supported the U.S. view. The EC called for "counting" emissions reductions from projects initiated only after the year 2000, with the exception of those within regional groups (which would include the EC). The G-77 nations (developing countries) and China pointed out that they have no commitment under the Climate Convention

The primary agenda items at the recent INC meeting in Geneva:

- Methodologies that will be used to calculate inventories of greenhouse gases covered by the treaty;
- Permanent "subsidiary bodies," one on science and technology (the Subsidiary Body on Scientific and Technological Advice), and one to help manage the treaty (the Subsidiary Body on Implementation);
- Methods and evaluation criteria for national reports;
- Relationship of treaty administrators to international financing bodies, such as the Global Environment Facility; and
- Joint implementation provision, a new international concept that could allow countries to work jointly to efficiently reduce greenhouse gas emissions.

to achieve any specific level of emissions reductions. They sidestepped the issue by calling for joint implementation only between OECD (industrialized) countries and "Countries with Economies in Transition" (Eastern Europe and the former Soviet Union).

The Secretariat staff was instructed to prepare discussion papers on joint implementation for the next INC meeting (February 1994 in Geneva), with each country invited to submit comments. It's clear that this relatively new

and complicated issue will require substantial further debate.

There were expectations earlier this year that the Clinton administration would release a revised U.S. National Action Plan (NAP) at the Geneva meeting. While indicating that the United States had identified "dozens of options" to reduce emissions, the head of the U.S. delegation, Rafe Pomerance, told the body that "some additional time will be needed to finish the analysis and for further consultations at home." It is now anticipated that a package of options designed to help the United States reduce greenhouse gases to 1990 levels by the year 2000 will be released by the White House in late September or early October. A new draft of the U.S. NAP, according to administration sources, is not expected for another 18 months.

The Climate Convention doesn't actually call for NAPs from the Annex I countries (a list of developed countries appended to the Climate Convention) until six months after the convention goes into force. The current estimate is that NAPs will be due in the third quarter of 1994. The United States was the first industrialized nation to put forward a comprehensive draft plan, which was presented to the INC in December 1992. Preliminary draft NAPs were submitted at last month's meeting by Germany, Japan, Norway and Ireland. The European Community (EC) promised a draft before the end of the year.

To assist in the permanent administration of the Climate Convention, two "subsidiary bodies" were established: the Subsidiary Body on Scientific and Technological Advice (SBSTA), and the Subsidiary Body on Implementation (SBI). The U.S. view is that the SBSTA will provide "an arena in which to review, from a technical perspective, countries' reports, including methodologies used in reporting [greenhouse gas] inventories." The United States made the point that the newly created SBSTA "would be specifically focused on policy needs

continued on page 3

John Shlaes*Continued from page 2*

and the recommendations of options."

The United States recommended that the SBI take the information and suggested options developed by the SBSTA and assist the Conference of the Parties in "developing suggestions for amending or modifying the convention to meet its ultimate objective." It was clear from the discussions that the two new entities will have important roles, although they are not yet clearly defined.

There was also much discussion on the relationship between the Intergovernmental Panel on Climate Change (IPCC) and the INC. The relationship takes on increasing importance as the IPCC reports on key scientific questions, such as how to measure sources and sinks of greenhouse gases. The United States made it clear that the IPCC, a scientific advisory panel, does not "recommend options for action; rather the reports are summaries and assessments of the state of knowledge and the implications of options."

In summary, the Geneva meeting was the first step in defining new, important and complex international concepts and institutions stemming from the Climate Convention. These developments will increase in importance and impact, especially in areas that affect the environment, energy, technology, regulation and economies. ●

GEF's Future*Continued from page 1*

World Bank administration the GEF is "an extremely cumbersome bureaucratic machinery designed for processing large loan projects."

Susan Levine, deputy assistant secretary of international development at the Treasury Department, agreed that the World Bank might not be the best tool to distribute GEF monies and urged the subcommittee to engage the United States in restructuring the GEF as a complement to the Clinton administration's environmental policy. Citing several American firms interested in GEF projects, Levine outlined the benefits of the GEF for U.S. business, including the opening of markets for environmental technology in developing countries. ●

**ATMOSPHERIC
UPDATE**

Despite a record-setting heat wave in the eastern and southern United States this summer, average temperatures continued to linger below the seasonal average, keeping the average temperature for the entire Northern Hemisphere almost two-tenths of one degree Celsius below the 10-year average for July, according to the latest NASA data analysis from Dr. John Christy of the University of Alabama at Huntsville.

Because the cooler temperatures were offset by rising temperatures in the Southern Hemisphere, the global composite was only about four-hundredths of a degree Celsius lower than the 10-year average. ●

**THIRTY-ONE COUNTRIES
RATIFY CONVENTION**

As of August 3, the following countries had ratified the U.N. Framework Convention on Climate Change, in the order listed below. Fifty nations must ratify the treaty for it to enter into force.

- | | |
|-------------------------|----------------------|
| 1) Mauritius | 16) Papua New Guinea |
| 2) Seychelles | 17) Vanuatu |
| 3) Marshall Is. | 18) Cook Islands |
| 4) U.S.A. | 19) Guinea |
| 5) Zimbabwe | 20) Armenia |
| 6) Maldives | 21) Japan |
| 7) Monaco | 22) Zambia |
| 8) Canada | 23) Peru |
| 9) Australia | 24) Algeria |
| 10) China | 25) St. Lucia |
| 11) St. Kitts & Nevis | 26) Iceland |
| 12) Antigua and Barbuda | 27) Uzbekistan |
| 13) Ecuador | 28) Dominica |
| 14) Fiji | 29) Sweden |
| 15) Mexico | 30) Norway |
| | 31) Tunisia |

Washington Post*Continued from page 1*

Hansen, however, believes that increased cloud cover results from sulfates emitted by the burning of fossil fuels. In the atmosphere, sulfates act as surfaces upon which water vapor condenses to form clouds. While the cooling sulfates are quickly flushed away (as acid rain), Hansen says that the carbon dioxide already in the atmosphere "will stay there for decades" and warm the climate.

Hansen's predictions, however, are not as dire as they once were, and he admits that his earlier projections have not been accurate. Not only is today's temperature increase only half of what the computer models estimated, but the rate of CO₂ emissions is lower and the poles have warmed less quickly than the models predicted.

Rensberger's July 26 article, "Satellite vs. Surface: Two Points of View on Global Warming," compares research by James Hansen and Dr. John Christy.

Christy, the University of Alabama scientist working with the National Aeronautics and Space Administration (NASA), reports that satellite data show no pattern of warming since the study's inception in 1979. In fact, global composite temperatures this spring were below their 10-year averages.

Hansen's widely reported surface temperature data show yearly fluctuations and a definite warming trend that should have reached a record high in the late 1980s. Clearly, there is a discrepancy between Hansen's and Christy's data. Said Christy, "Our data show little or no warming — indicating that this problem is a lot less than what the [computer-generated] climate models would make you think."

The varying results led Rensberger to conclude, "Because scientific efforts to monitor real-world changes yield such ambiguous results, the clamor to 'do something' about global warming remains largely an emotionally guided phenomenon." ●

EPA Newsletter*Continued from page 1***Golden Carrot**

A contest among refrigerator manufacturers to develop the most energy-efficient refrigerator, the Golden Carrot offered the winner a "pot" of money to which all the participants had contributed. In June, Whirlpool won the \$30 million prize.

Energy Stars

The program is a voluntary partnership with eight computer manufacturers to develop more energy-efficient computers through a process that produces less air pollution.

National Environmental Technology Application Corporation (NETAC)

NETAC is a non-profit organization that establishes cooperative agreements, sponsors seminars and develops databases on environmental technologies and products. The EPA provided NETAC's start-up grant and gives NETAC access to its information resources.

U.S.-Asia Environmental Partnership (US-AEP)

A coalition of American and Asian businesses, governments and community groups set up with EPA participation, US-AEP has designed four programs that focus U.S. technology and resources on Asia's environmental and energy problems.

For more information on these EPA programs, call the EPA Public Information Office at 202/260-2080. ●

RECENT OECD STUDIES ON CLIMATE CHANGE

The Organization for Economic Cooperation and Development (OECD) has published two new studies on climate change policy. Both studies highlight some of the major questions facing policy makers on the issue.

"Climate Change Policy Initiatives" is designed to give the reader a better understanding of last year's Framework Convention on Climate Change as well as worldwide progress toward meeting its goals.

Section I gives an account of the goals and issues of the Rio Summit and briefly discusses issues such as the rising share of emissions from non-OECD countries and the concerns associated with carbon taxes. It also provides data on CO₂ emissions.

Section II highlights the status of each nation's commitment to emissions reductions or stabilization, as well as to taxing options to achieve such goals. Each profile also includes information about the factors affecting the country's official position and key studies the nation has performed. Section III examines the conditions and energy-related climate change policies of the 11 major non-OECD nations. (September 1992, \$37.00)

The second study, "Taxing Energy: Why and How?" compares the energy tax schemes of selected OECD countries. The study highlights the issues and challenges

that the governments have faced in developing and implementing energy taxes to reduce emissions.

Because energy demands are relatively inelastic in the short term, the study claims that the tax level necessary to realize some environmental targets may make even long-term adjustments impossible without severe economic distortions.

The study concludes that those countries pursuing energy taxes should be selective about both the sectors it taxes and the environmental targets it sets. (April 1993, \$39.00) ●

To order the studies, call 800/456-6323.

Climate Watch is published monthly by Global Climate Coalition, an organization of business trade associations and private companies established to coordinate business participation in the scientific and policy debate on global climate change. Permission is not necessary for reproduction of *Climate Watch* articles.

Editor: Brian Hertzog

Art Director: Drew Mitchell

Offices: 1331 Pennsylvania Ave., NW
Suite 1500 North Tower
Washington, DC
20004-1703

For more information, contact:

John Shlaes,
Executive Director,
(202) 637-3158.



Global Climate Coalition
1331 Pennsylvania Ave. NW
Suite 1500 - North Tower
Washington, DC 20004-1703



Mr. Nick Sundt
Energy, Economics & Climate Cha
1347 Mass Avenue, SE
Washington, D.C., 20003

